

Insurers welcome ARC vote to endorse IFRS 17 with carve out for annual cohorts

The European Commission recently published its legislative text for the endorsement of International Financial Reporting Standard (IFRS) 17, along with the results of the recent Accounting Regulatory Committee (ARC) meeting which voted to support the Commission's proposals concerning annual cohorts.

Olav Jones, deputy director general of Insurance Europe, said: "Insurance Europe supports the endorsement of IFRS 17 — including the amendments concerning annual cohorts developed by the European Commission — and therefore welcomes the ARC's decision to endorse the text. This decision will also help to avoid any delays, so that IFRS 17 can be applied in the European Union from 1 January 2023, in line with the timetable of the International Accounting Standards Board (IASB).

"The issue of annual cohorts has been a fundamental concern for insurers because the IASB's requirements would have added costs and not adequately reflected the true economic nature of certain insurance products. The amendment proposed by the Commission grants European insurers the option to exempt intergenerationally-mutualised and cash flow matched contracts from the annual cohort requirement of IFRS 17."

The Commission will review the exemption from the annual cohort requirement for intergenerationally-mutualised and cash flow matched contracts by 31 December 2027, taking into account the outcome of the IASB's post-implementation review of IFRS 17.

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Notes for editors

- For further information, or to be added to our mailing list, please contact Richard Mackillican, spokesperson (tel: +32 2 896 48 22, mackillican@insuranceeurope.eu).
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